

## **DECISION MEMORANDUM**

**TO: COMMISSIONER KJELLANDER  
COMMISSIONER RAPER  
COMMISSIONER ANDERSON  
COMMISSION SECRETARY  
COMMISSION STAFF  
LEGAL**

**FROM: NEIL PRICE  
DEPUTY ATTORNEY GENERAL**

**DATE: MAY 6, 2016**

**SUBJECT: APPLICATION OF PACKSADDLE WATER SYSTEMS, INC. FOR A NAME  
CHANGE UNDER NEW OWNERSHIP, CASE NO. PKS-W-15-01**

On November 30, 2015, the Commission received an Application from Packsaddle Water Systems, Inc. (“Packsaddle” or “Company”) seeking Commission approval of a name change from Packsaddle Estates Water Corporation.

### **APPLICATION**

Packsaddle requests that the Commission approve its purchase of a small water company formerly known as Packsaddle Estates Water Corporation. Packsaddle states that it is a new non-profit corporation. Packsaddle estimates that the former water company, Packsaddle Estates Water Corporation, operated the water system for the subdivision named Packsaddle Creek Estates for nearly 40 years. The subdivision is located in Teton County, Idaho.

Packsaddle explained that the previous small water company was a for-profit corporation run by a single person, Rea Fulmer. According to the Company, the for-profit corporation did not permit the subdivision’s water customers a vote or input concerning the operation of the water system.

Packsaddle’s Application includes a copy of its Articles of Incorporation filed with the Idaho Secretary of State. The Company states that it has no By-Laws. The Company alleges that each customer of the new water company is a voting member and the Company has a four-member Board of Directors serving without compensation. Officers also serve without compensation.

Packsaddle explained that the formation of the new corporation was necessary because the former owner, Rea Fulmer, is in very poor health and is unable to attend to the maintenance and

operation of the water system. Ms./Mrs. Fulmer requested that residents assume those responsibilities. Packsaddle states that the new corporation serves the same functions as a homeowners association ("HOA").

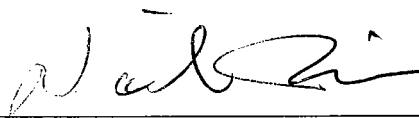
The Company included a copy of the Purchase/Sales Agreement and Quitclaim Deed transferring the pump house and the land upon which it is situated to Packsaddle. According to the Company, it paid nothing for the assets of the previous owner, as the previous operator was medically unable to operate the system and wanted to be relieved of the responsibilities. Packsaddle claims that 100% of all fees collected from subdivision customers will be used for the operation and maintenance of the water system. The Company believes that this will allow for the growth of a fund for emergencies and capital improvements at the rate of approximately \$500.00 per month.

Packsaddle attached a copy of a letter it sent to all customers apprising them of the purchase of the water company by the new non-profit corporation. Packsaddle states that it is aware of all IDEQ environmental requirements and has access to individuals with the requisite knowledge and expertise to maintain compliance with said requirements. The Company is also aware that the accounting for the water system is in accordance with the Commission's Uniform System of Accounts and must be maintained on a stand-alone basis separate from any other business activities of the buyer.

Packsaddle believes that because it functions as a HOA, in all significant respects, and is a "mutual non-profit organization represented by board members in a democratically-run corporation," the Commission may approve its purchase of the water system without a CPCN transfer.

#### **COMMISSION DECISION**

Does the Commission wish to process Packsaddle's Application for Commission approval of a name change associated with the sale and purchase of the water system through Modified Procedure with a 21-day comment deadline?



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Neil Price  
Deputy Attorney General

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